

JOINT DEVELOPMENT
AND THE
LOS ANGELES METRO RAIL
A STATUS REPORT

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December 1983

ABSTRACT

The purpose of this paper is to document the beginnings of the Joint Development experience in Los Angeles. As part of the preliminary engineering phase of its Metro Rail Project, the Southern California Rapid Transit District (SCRTD) Board of Directors adopted a set of land use and development policies geared towards both encouraging a pattern of land use consistent with the City's adopted concept of development, and assuring a stream of revenue to help defray the construction, operating and maintenance costs of the system. The SCRTD intends to use Joint Development and Value Capture techniques to accomplish these two aims. To implement these policies, the SCRTD has established a Masterplanning process aimed at achieving early regional consensus on joint development issues and established cooperative agreements with the Community Redevelopment Agency of Los Angeles (CRA) and the City of Los Angeles for the development of detailed Metro Rail Station Area Master Plans. These agreements are the first step in the creation of a cooperative entity which is designed to guide Joint Development around stations. Although it is too early to judge the success of the SCRTD's approach, its actions are significant because they have occurred so early in the development of the rail transit system. If the SCRTD is successful in establishing consensus through the Masterplanning process, the Metro Rail Project may become the best test, begun to date, of the benefits of Joint Development.

INTRODUCTION

The Southern California Rapid Transit District (SCRTD) is currently nearing the end of the Preliminary Engineering Phase of its Metro Rail Project. This system, known alternatively as the Wilshire Corridor Starter Line, constitutes an initial 18.6 mile segment of a planned 150 mile regional rail transit system which will include both heavy and light rail components.

The Metro Rail system is being developed in an era in which the federal funding share has decreased officially from 80% to 75%. The federal government has already over committed to funding system extensions, and rail modifications. Only two new starts were considered by Congress this year - Houston and Los Angeles. This overcommitment combined with the rising capital costs associated with new systems, threatens to result in a federal funding commitment to Metro Rail which is substantially closer to a 50/50 federal/local formula share. The decreasing federal share has lead the California Transportation Commission (CTC) to require local government to demonstrate their financial commitment to capital projects as a condition for state funding. In addition, the State of California now requires, as part of the local share commitment, that at least five percent of project costs come from the private sector as further demonstration of local commitment.

In order to meet the local share requirement and further reduce the public cost of the Metro Rail system, the SCRTD Board of

Directors, as part of preliminary engineering, adopted a set of land use and development policies which include provisions for using Joint Development and Value Capture techniques to insure that a portion of the system's costs will be paid for by the segment of the private sector which directly benefits from the construction of the System. The policies are also geared toward encouraging a pattern of land use consistent with the City's adopted "Centers Concept of Development". The policies are contained in a document entitled "Milestone 6 - Land Use and Development" (1).

In order to be successful in its Joint Development efforts, the SCRTD must achieve consensus among the various land use regulatory agencies in the region on the pattern of land use which will be fostered around station sites, and obtain their commitment to using Value Capture techniques to assure that a stream of revenue is generated which will help defray the construction, operating and maintenance costs of the system. Achieving this consensus is a difficult task. Getting the various agencies to agree to use their taxing and control powers to benefit the Metro Rail project is even more difficult. Each agency, naturally, guards its autonomy and power. The Joint Development program which the SCRTD has established is therefore designed as a coordinated exercise of individual power, where consensus is achieved through a Masterplanning process, and coordination and commitment achieved via cooperative agreements between the SCRTD and the other key agencies. Through these

agreements, the agencies will remain autonomous, but will function as a cooperative entity which will be responsible for controlling the development around stations. The SCRTD hopes that the institutional framework thus created will enable disagreements to be ironed out early in the process, commitment to be made, the land use regulatory and taxing powers of the cooperating agencies to be consolidated and the permit process streamlined.

As a first step in its program, the SCRTD recently contracted with the Community Redevelopment Agency (CRA) and departments of the City of Los Angeles for the development of detailed Metro Rail Station Area Master Plans. These plans, which will have a 5-10 year planning horizon, will be updated on a routine basis and will be incorporated into the 20-40 year Specific Plans which become the City's planning ordinances governing particular portions of the region. The Master Plans will specify allowable uses and densities in the transit corridor and will guide specific development decisions around stations. The SCRTD hopes that the plans and the Masterplanning process will lead to the development of cooperative agreements with these agencies which specify how they will use their respective powers to further the Joint Development and Value Capture goals associated with the Metro Rail system.

This paper has been prepared in order to document the beginnings of the Joint Development experience in Los Angeles. It contains

a description of the Los Angeles Region at the start of the project, the powers of the key agencies involved, the institutional structure which is being set up to handle Joint Development, and the SCRTD's Value Capture goals. It is hoped that this paper will serve to inform future analysts who will attempt to evaluate the success of the SCRTD's Metro Rail Joint Development efforts.

LOS ANGELES- THE SETTING

The Regional Plan Association, in its testimony before the House Transportation Sub-Committee on May 4, 1982, stated that Los Angeles is one of only four cities in the United States where heavy rail investment is both justified and necessary. This conclusion is based on the levels of observed traffic congestion, the density in key corridors and the population and employment increases which are projected to occur in both the Los Angeles core and the region as a whole.

The Los Angeles urbanized area covers over 2,200 square miles. It includes the City of Los Angeles, the County of Los Angeles and 83 other municipalities. The area is networked by a well developed system of streets and highways, including 22 freeways. This system constitutes the right-of-way for the area's two existing forms of transportation: the private car and the bus. The last segments of the region's rail system, Pacific Electric's once famous 'Red Cars', were abandoned in 1961 --

the decaying system replaced by the federally subsidized freeways and buses.

More person trips are made each day in the Los Angeles region than occur in the entire state of Florida, the eighth largest state. Region-wide, approximately 96.2% of the estimated 25 million plus person trips each day are made by automobile while only 3.8% are made by bus.

In some respects, Los Angeles suffers from its good climate and recreational resources which have attracted increasing numbers of newcomers to the area since the 1920's. This in migration has lead to an increase in urban density and increasing traffic congestion. The region's highways are now approaching capacity. In fact, the Santa Monica Freeway which forms the southern boundary of the core, reached capacity in 1979. The 42 mile San Diego/Harbor/Santa Monica Freeway loop is expected to reach capacity by the end of the decade, and nearly all other freeways should reach capacity by the year 2000. The longer trip times caused by the traffic congestion - peak hour core freeway speeds currently average less than 20 miles per hour - and rising fuel costs have lead to an increasing concentration of population in and around major employment centers and the development of a multi-centered urban form.

The Los Angeles region now has a density of 5188 persons per square mile, making it second only to greater New York in terms

of population density. It is projected that the population density of the Los Angeles area will actually surpass that of New York by the end of the decade due to the substantial increase in population which is projected to occur.

The five county Southern California Association of Governments (SCAG) region has a current population of 11 million and is expected to grow to 15 million persons by the year 2000. In 1980, the Los Angeles region had a population of 9.4 million persons, giving it a population greater than 41 states. By 1983, the area's population had increased to 9.5 million. Current population forecasts made by SCAG, indicate that the population should reach 11.4 million persons by the year 2000. Thus, it is projected that the population of the region will increase by 1.9 million persons between 1983 and the year 2000, an amount equal to the current population of Houston. The population of the City of Los Angeles is expected to rise from 7 million to 8.3 million during this period.

Los Angeles' population density is greatest in the regional core. For example, the employment density is 46,000 employees per square mile in downtown. There are more than 28,000 residents in the Westlake area which is adjacent to the CBD.

Unlike most cities however, Los Angeles' population density does not drop off dramatically beyond 2-4 miles from the Central Business District. For example, the gross population density in

Washington's maximum density corridor, and Los Angeles's Wilshire Corridor decrease as shown in Table 1. Figure 1 presents the comparison in graphic form.

The six bus lines which serve the Wilshire Corridor carry more than 190,000 weekday riders. This is more weekday riders than are carried on BART. It is more weekday riders than are carried on the rail systems of Atlanta, Baltimore and Cleveland combined. (2)

The SCRTD currently carries 45% of the workers employed in the CBD into and out of the downtown area each day. On a 24 hour basis, it carries 24% of all the people who enter the CBD. The high percentage of commuters who travel into this area via bus, is indicative of the effects of rapidly escalating parking costs and the congestion of the downtown street network on travel behavior.

An additional 20 million square feet of office space is scheduled to be built in the CBD by 1990 and it is expected that these new offices will house an additional 120,000 employees who will travel into and out of the regional core each day. Assuming these new employees utilize cars and buses in the same proportions as current CBD workers do, the already clogged surface streets in the CBD would have to accommodate an additional 66,000 people traveling by car and approximately 900 additional buses carrying the 54,000 new bus riders. It is

unlikely that the street system in the CBD can accommodate this many additional vehicle trips. In addition, it is anticipated that as much as 240 million square feet of commercial development will occur in the major centers within the City by the year 2000. The Metro Rail system is designed to serve eleven of the major centers and provide residents with an alternative to travel on the congested streets and freeways.

THE METRO RAIL PROJECT

The development of a regional rapid transit system began in 1974, after the passage of Proposition 5. This proposition provided the initial funding for the system's design by authorizing a portion of the state's gasoline taxes to be used for the development of a rapid transit system for Los Angeles. On November 4, 1980, the voter of Los Angeles County provided a major local source of funds for the system when they passed Proposition A. Proposition A is the 1/2 cent sales tax increase whose proceeds are to be used to guarantee a 50 cent bus fare for three years, provide funds for municipal transit projects and most importantly, to construct a 150 mile rail system. Proposition A was validated in June of 1982, becoming effective on July 1, 1982.

Two segments of the regional rail system are currently under development: a Los Angeles to Long Beach Light Rail Line and the Metro Rail Starter Line. The Los Angeles County Transportation

Commission is developing the Light Rail Proposal and the SCRTD is responsible for the Metro Rail Starter Line.

The Metro Rail line is approximately 18.6 miles in length. The line will travel between Downtown Los Angeles and North Hollywood, passing through Westlake, Wilshire Center, the Miracle Mile District, the Crenshaw District, Hollywood and Universal City. There are 18 stations on the alignment which is depicted in Figure 2.

The Metro Rail project is nearing the end of the preliminary engineering phase. This is the second of the five development phases leading to the actual operation of the system. Phase I, Planning and Alternatives Analysis, started in 1977 when the SCRTD began an in depth analysis of 11 alternatives. It concluded in 1980 with the publication of the final Alternative Analysis/Environmental Impact Statement/Report (AA/EIS/EIR), and the selection of the Wilshire Corridor alternative. In June 1980, the SCRTD received \$12 million from UMTA and \$3 million from local sources to begin preliminary engineering. Preliminary engineering will be completed by the end of 1983. The remaining phases will occur concurrently. They are: Design, Construction and Testing. The entire 18.6 mile line is scheduled to be fully operational by July of 1990.

THE MILESTONE PROCESS

The Milestone process is the SCRTD's preliminary engineering decision making process. Its products are 12 Milestone reports and a Final Environmental Impact Report. Figure 2 lists the Milestones and the dates they were adopted. The 12 Milestones contain most of the policies and decisions which have been made about the design of the system and its anticipated cost, ridership and landuse impacts.

The Milestone process has enabled the SCRTD to take advantage of community input. The draft version of each Milestone report was subjected to a substantial community review process which included community meetings and a public hearing. Community input was incorporated in the final version of each Milestone report which was submitted to the SCRTD Board of Directors for approval.

MILESTONE 6

The fundamental purpose of the Milestone 6 Report is to establish an effective and coherent set of SCRTD land use and development objectives and policies to effectively govern the development which will occur in conjunction with the Metro Rail Project.

In Milestone 6, the preferred institutional structure for achieving the land use goals is described. Different methods for obtaining a stream of revenue to support the system are discussed and evaluated, including use of incremental tax revenues, benefit assessment districts, employer contributions, gasoline taxes, transfer of development rights, anti-speculation taxes, station advertising and station concessions. A process for the development of specific land use plans is also described. The policies are thus comprehensive in scope. These policies are divided into three categories, the policies which relate to:

- 1) the Joint Development and Value Capture Program
- 2) the Corridor Scale Institutional Framework
- 3) the Station Area Masterplanning Process

Each of these policy areas will be treated in turn.

JOINT DEVELOPMENT AND VALUE CAPTURE

Joint Development is most simply, real estate development which occurs in conjunction with a transit project. The Urban Mass Transit Administration (UMTA) has expanded this basic definition, and states that Joint Development is "... a process through which public transportation investments are coordinated with private land development investments so that they will generate a maximum stimulus to economic development and urban revitalization. Joint development occurs when the public and private sectors work cooperatively in the planning, financing,

and construction of development projects adjacent to and integrated with transportation facilities."

Joint Development is important because it allows the public sector to control the land use impacts of a transit project. In Los Angeles, this means that the City and County can use Joint Development to foster their desired "Centers Concept" pattern of development.

The Centers Concept was formally adopted in 1974 as the City's design concept. It establishes 56 centers in the region where higher intensity land use will be promoted. Thirty-seven of these centers are within the City of Los Angeles. Each center will contain a mix of industrial, commercial, governmental and recreational uses. The Centers will ideally be connected by the planned regional transit system. All of the Wilshire Corridor Starter Line Stations, with the exception of the Hollywood Bowl Station, will serve identified centers. These centers will typically will have a core area whose radius is about one-quarter to one-half mile.

The City is in the process of developing its implementation plan for the Centers Concept. It states its implementation methods may include General Plan amendments, new City ordinances and joint cooperative agreements with public and private entities (3). The City hopes that by focusing growth within centers, it can maintain the residential character of Los Angeles,

accommodate anticipated growth and provide adjacent suburbs and communities with service centers and focal points.

This planned intensification of land use around stations is desirable for three reasons. First, more people in the area around stations means a concentration of activities which in turn leads to more effective use of urban infrastructure. Second, planning major development around stations provides the opportunity for private/public ventures and an opportunity to capture some of the increased value of property which can be directly attributed to the expenditure of public funds for the construction, operation and maintenance of the Metro Rail system. Third, it is possible that developers may provide some public amenities which would make the system more attractive to potential users as part of the development or redevelopment of sites adjacent to the stations.

There are a number of mechanisms which the City, County, CRA and SCRTD can use to make Joint Development attractive to developers. These mechanisms can be classified into four categories:

- 1) Provide developers with an increased return on investment by allowing increased floor area ratios (FAR), reducing parking requirements or providing other density bonuses through mechanisms such as Transfer of Development Rights.

2) Provide reduced initial costs for developers by providing leverage capital financing (Urban Development Assistance Grants etc.).

3) Provide project approval assistance through project packaging.

4) Provide assistance with land acquisition through the sale or leasing of air or development rights, or through land assembly.

In exchange for this assistance, the developer can be required to pay station connector fees, enter into land lease payment agreements, provide public amenities as part of the development and/or sign station operation and maintenance agreements. In addition, Value Capture Techniques, which are included under the umbrella label of Joint Development Techniques, can be used to recoup some or a large portion of the public funds spent to induce desired development or for the construction, operation and maintenance of the transit system.

Value Capture techniques include taxing and assessment methods which can be used to obtain a share of the increase in the value of private property around stations which is directly attributable to the public expenditure. The two most popular Value Capture techniques are Increment Tax Revenues created increased land values and Special Benefit Assessment Districts. A value capture goal of 20-25% of the system's capital costs has been set for the Metro Rail project.

THE CORRIDOR SCALE INSTITUTIONAL FRAMEWORK

As previously indicated, cooperative agreements with the CRA, the City of Los Angeles and ultimately the County of Los Angeles are being sought to create an institutional framework for Joint Development within the Metro Rail Corridor. The SCRTD adopted this approach to avoid creating a new agency such as Transportation Corridor Development Corporation with overlapping powers, constituents and jurisdictions. It chose this institutional framework over the creation of a new department within the SCRTD responsible for Joint Development, because this type of cooperative entity will have at its disposal all the land use regulatory and taxing powers of the four agencies.

The Joint Development entity, which will ultimately be created by means of the cooperative agreements between the SCRTD, the County, the City and the CRA will be able to perform the six functions which the SCRTD's consultants, Sedway-Cook determined to be necessary in order to successfully carry out Joint Development (1). These are: comprehensive planning and redevelopment coordination; station siting and design; real estate project packaging; interagency representation; financial leveraging and value capture and; permitting. The agencies and their respective Joint Development powers are described below.

The CRA

The CRA has a number of different powers which are very important to the success of a comprehensive Joint Development Program. These powers have enabled it to fulfill its purpose, that of redevelopment coordinator.

The CRA has the authority and resources to engage in real estate project packaging. Under the Community Redevelopment Law (4), the CRA may acquire land in redevelopment areas and assemble remnant properties. It can then sell or lease the property or the development rights to private developers. The CRA also has access to various special grants such as UDAG's (Urban Development Assistance Grants), which it can use as leverage capital. The CRA is thus able to facilitate real estate development by land write downs.

In addition, the CRA has value capture authority, having the power to obtain revenues from the incremental tax returns created by intensified development through the use tax increment financing. Tax increment financing works in the following manner. Prior to the redevelopment of an area, the redevelopment property is assessed at its current market value. This tax assessment is called the frozen base value. After redevelopment, the property is re-assessed and the difference between the tax levied on the value of the improved property and the tax based on the frozen base value is calculated. This

amount is the additional tax increment which is attributable to the CRA's redevelopment expenditures. It is allocated to a special fund for use by the CRA. The CRA can sell revenue anticipation notes in anticipation of the receipt of these funds.

There are strict statutory criteria for declaring an area a redevelopment zone. The CRA is required to submit a redevelopment plan to the City which establishes that the proposed redevelopment area is blighted and possesses characteristics which inhibit private development. The plan must include a description of various redevelopment schemes and their economic feasibility, a description of planned site improvements and their costs, a description of the area, and an estimate of the costs of acquiring and clearing land.

Four of the Metro Rail stations are located within Redevelopment Project Areas of the City of Los Angeles. They are: the Civic Center, Hill Street, Seventh Street and North Hollywood stations. Three additional stations are located in areas which are currently in the process of being so designated. They are: the Sunset/La Brea, Hollywood/Cahuenga and Hollywood Bowl stations.

It is anticipated that the cooperative agreement between the CRA and the SCRTD will specify a percentage of the revenues associated with these seven Redevelopment Project Areas which

will be dedicated to financing the construction, operation and maintenance of the Metro Rail system. The SCRTD plans to use these funds as part of the local share of the project costs. This is in keeping with the original purpose of tax increment financing, which was first developed to raise the municipal share required to obtain federal urban renewal monies (5).

The City and County of Los Angeles

The City and County are responsible for comprehensive land use planning within their jurisdictions. They define permissible land uses and densities and issue building permits to projects which are in conformance with their requirements. Of the 18 Metro Rail stations, one is located in Los Angeles County; the remaining 17 stations are located within the City boundaries. Two stations, namely Hollywood Bowl and Crenshaw are constrained, by local policy, from further development.

The City and County control zoning, one of the most powerful types of Joint Development tools. A change in zoning can have a major effect on private sector real estate development decisions because these regulations determine the return on investment available to private developers. The greater the permitted density (e.g. floor area ratio) and the higher the permitted use (e.g. commercial versus residential), the greater is the potential return to developers. Developers are often willing to

pay for density bonuses or to provide various public amenities in exchange for increased floor area ratios.

There are a number of different zoning tools under the City's and County's control which can be used to achieve desired land use in the areas around the stations. Some of these mechanisms also result in a reduction in the public cost of constructing and operating the Metro Rail system. These mechanisms include parking requirement reductions, the sale of density bonuses, Transfer of Development Rights, etc.

Zoning and other land use regulations have been traditionally viewed as restrictions which the government places on land owners in order to protect the public's health, safety and welfare. This view is based upon the assumption that the right to develop is part of land ownership.

There is a second, more expansive view regarding land development rights which has important implications for a program of Joint Development (6). This view is gaining increasing popularity. It serves as the principle which underlies several of the newer land management devices. This view is that the right to develop is not part of land ownership, rather it is a separate right which can be bought and sold. Proponents of this perspective hold that development rights are community assets. According to this view, it is the government's responsibility to allocate these rights in a way

which will enhance the public welfare in an equitable fashion based on sound planning. This concept of equity implies even distribution. Sound planning implies that allowable densities and land uses should be determined by the responsible government agency based on the capacity of the existing infrastructure and the compatibility of different types of land uses with the natural environment.

One of the land use management devices which has grown out of this view and has been developed in order to realize an equitably achieved, politically acceptable, and well planned pattern of land use is Transferable Development Rights (TDR) (7). The City and County of Los Angeles are empowered to use TDR.

TDR's equitable nature makes it politically popular because land owners in both conservation and development zones benefit. TDR is a powerful tool which is particularly well suited to promoting the centers concept of development.

There is a variation of TDR which can be used to recoup some of the public funds expended on the transit system. This device is based on the fact that the construction of a transit system constitutes an infrastructure improvement which increases the capacity of the area by increasing access. An increase in the maximum allowable density in the station areas is justified because of the improved infrastructure. The public investment

thus creates new, salable development potential. The City and County are able to sell density increases to developers in the rezoned areas and place the revenue in a fund to be used for operating or maintaining the Metro Rail system or for construction of system extentions.

The SCRTD

The SCRTD is responsible for determining the location of the Metro Rail stations and for their design and construction. In order to fulfill this function, it is able to acquire land and to lease or sell the land within the system's right-of-way or the air rights to that property.

The SCRTD's power to engage in Joint Development activities has recently been expanded through the passage of California Senate Bill 1159. This bill was adopted by the State Legislature on July 28, 1983. It takes effect January 1, 1984.

Senate Bill 1159 authorizes the SCRTD to develop, jointly develop, lease or dispose of property which is necessary to, or incidental to SCRTD facilities. In addition, it grants the SCRTD the right to jointly develop non-transit facilities but requires that the SCRTD acquire the approval of the local jurisdiction when developing such parcels. It authorizes the SCRTD to contract with others in exercising these powers. The bill thus grants the SCRTD real estate project packaging

authority and in particular, the ability to acquire land for Joint Development purposes.

In addition, a second bill, Senate Bill 1238, which was passed on October 1, 1983 grants the SCRTD the power to form special benefit assessment districts and to collect from developers assessments which are levied on the real property which derives benefits from the construction of the Metro Rail system. These funds will be used to finance the acquisition, construction, development, Joint Development, operation and maintenance of the Metro Rail system. The measure also authorizes the SCRTD to issue tax free bonds which would be paid by these assessments. This bill provides the SCRTD with its own means for insuring a stable and guaranteed source of capital revenue for the system. It goes into effect January 1, 1984.

METRO RAIL MASTERPLANNING

THE MASTERPLANNING PROCESS

The SCRTD has contracted with the CRA and the City of Los Angeles for the preparation of development plans for the areas around the Metro Rail stations. It should be noted that these plans are different than those generally formulated as part of the normal scope of work of these two agencies. These plans will guide the phased development of these areas.

In effect, the plans will constitute a statement of regional consensus. They will be a statement of the land use impacts which the various agencies expect the Metro Rail system to have, of the pattern of land use which the agencies agree to foster around the stations, of the Joint Development techniques which the agencies agree to use, and of agreed to levels and types of value capture which will be undertaken.

The Masterplanning process is the process of plan development. It has been designed so that any problematic differences between the goals and expectations of the various agencies, the developers and the public will be discovered early and resolved. This will be done through the activities of three committees.

The first committee is the Joint Policy Council. It is responsible for reviewing the planning process and establishing the overall goals and objectives for Joint Development. This council will include: an SCRTD Board member; a Los Angeles County Transportation Commission member; a member of the Los Angeles City Council; the General Manager of the SCRTD; five representatives of the private development community, and; the Executive Director of the Los Angeles Transportation Commission which is responsible for the development of the regional transit system.

The second committee is the Inter-agency Management Committee. This committee will oversee the Metro Rail Station Area

Masterplanning Process. It will be responsible for approving the final plans. The chief administrative officers of the cooperative agencies will make up this committee.

The third committee is the Professional Development Council. This committee is responsible for coordinating the Masterplanning effort and resolving technical issues. It will be made up of the Planning Directors of the three agencies who are the day to day project managers.

THE WORK PROGRAM FOR PLAN DEVELOPMENT

The contracts between the SCRTD, and the CRA and the City detail the scope of work for the development of the plans. The tentative schedule for the completion of the key elements of the Joint Development Work Program is given in Figure 3. The Masterplans will be completed by the end of 1984 leading to project packaging. Actual development proposal will be treated earlier and incorporated in the process.

The planning program will be occur in two phases. The first phase lays the ground work for phase two, which is the actual development of the Master Plans.

There are four task elements in phase one. Task Element 1 involves indentification of the proper private/public coventure fiscal policies and the best Joint Development and Value Capture

tools to realize the desired level and type of development. It also involves the development of a policy framework for evaluating infrastructure support requirements. Task Element 2 involves the evaluation of alternative procedural bases for carrying out Joint Development and Value Capture. Task Element 3 involves the establishment of the private/public coventure program recommended under Element 2. Task Element 4 involves forecasting of the development potential in the Metro Rail Corridor and around the stations, and the establishment of a 1983 development baseline for Joint Development and Value Capture planning.

There are five task elements in phase two. They are: Task Element 5 - Establish Joint Development Design Parameters; Task Element 6- Establish Development Envelope; Task Element 7- Prepare the Station Area Master Plans; Task Element 8- The Citizen and Private Sector Participation Program, and; Task Element 9- Joint Development Project Packaging.

In keeping with the requirements of the Los Angeles City Charter, the City agencies will prepare the plans for areas not designated Redevelopment Project Areas and the CRA will prepare the plans for the other areas. These plans will meet the statutory requirements for Redevelopment Project Area Plans. The SCRTD will maintain an active role in the development of the plans and during phase three, the implementation of the plans.

EARLY PROGRESS

Although the Station Area Master Plans are not scheduled to be completed until late in 1984, the interaction between the SCRTD and the City has already produced a significant change in the Preliminary Draft of the Transit Corridor Specific Plan for the Miracle Mile Station Area (8). In the original draft, the area adjacent to the stations at Wilshire and Fairfax and Wilshire and La Brea was divided into 3 subareas. Projects in Subarea 1, the area directly adjacent to the station, were to be permitted to exceed a Floor Area Ratio (FAR) of (6:1) up to a FAR of (9:1) provided the project utilized both Development Bonuses and Transfer of Unused Development Rights. Projects in Subarea 2 were to be allowed to exceed a FAR of (3:1) up to a FAR of (6:1) provided they used Development Bonuses, and projects in Subarea 3 would be allowed to exceed a FAR of (3:1) up to a FAR of (4:1) using the same bonuses.

The new draft allows for an increase in FAR for developers in Subarea 1 who directly benefit the Metro Rail System in any of three ways. An increase in FAR of (4:1) will be granted to developers who provide direct, physical access between their projects and the Metro Rail station stops in the Plan Area. A bonus of (2:1) will be granted for providing adequate, additional parking for Metro Rail patrons. A FAR bonus of (1:1) will be granted for providing an off-street bus terminal. Developers in Subarea 1 may exceed a FAR of (6:1) up to a Floor

Area Ratio of (9:1) by using these Metro Rail related bonuses, Development Bonuses or Transfer of Unused Development Rights. In addition, a project may exceed the limit of a FAR of (9:1) dictated in the initial draft, by utilizing the Metro Rail related bonuses. A project may exceed a FAR of (9:1) up to a FAR of (13:1) in Subarea 1 only by utilizing the Metro Rail related bonuses. These bonuses are subject to the approval of both the Planning Director for the City of Los Angeles and the SCRTD. This change in Floor Area bonus provisions in the second draft of the Transit Corridor Specific Plan is rather significant.

There is also evidence of early cooperation between the CRA and the SCRTD. The CRA has requested that the SCRTD modify its station plan for the station at 4th Street and Hill Street. They have requested that the attitude of the station entrance be changed from parallel to a 45 degree angle. In exchange, they have indicated orally, their willingness to entertain a discussion about donating land to the Metro Rail Project.

The SCRTD has now established an Operations Planning, Real Estate, Engineering and Architecture Committee (OPERA) to deal with all Joint Development related proposals as they arise and to serve as the contact between the SCRTD, other agencies and individuals. This committee will be responsible for interfacing with the other agencies and negotiating agreements.

CONCLUSIONS

The SCRTD has taken early and significant steps in the development of a comprehensive Joint Development Program which has the potential to yield an important and continuing source of locally generated funds for the construction, operation and maintenance of the Metro Rail system, and for the construction of future extensions. Although it will be many years before a jury will even be convened to judge the success or failure of the Metro Rail Joint Development Program, some Joint Development progress has already been evidenced. The ultimate success of the program will rest on its ability to achieve consensus among four distinct and individual agencies, to obtain their commitment to the program, and to coordinate the use of their individual powers without threatening their sense of autonomy.

ACKNOWLEDGEMENTS

The authors would like to thank David McCullough and Ambrosia Holmes for their assistance in the preparation of this paper.

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TABLES

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1	Density in Maximum Density Corridor	32

TABLE 1

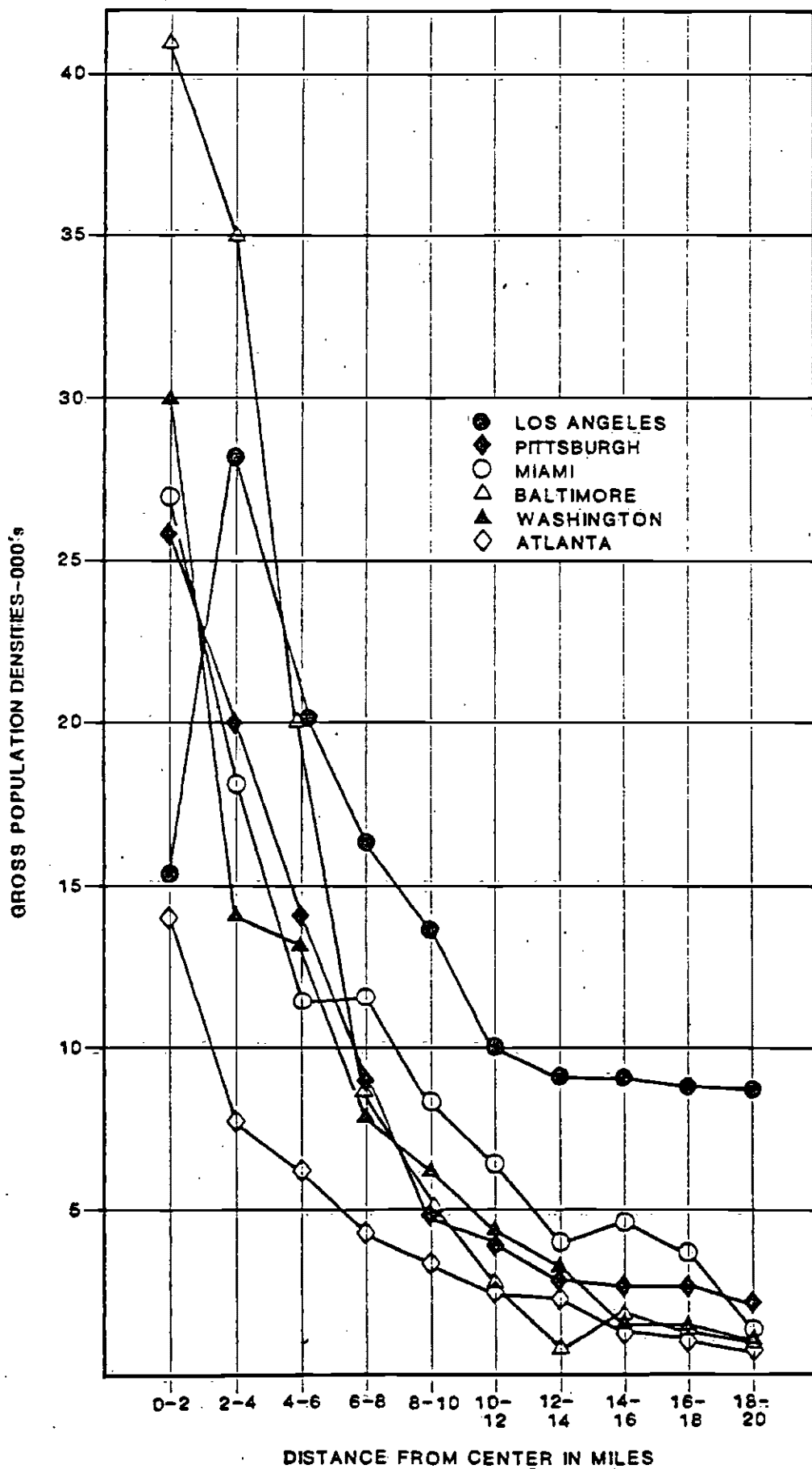
Distance from CBD in Miles	Density in 000's	
	Washington	Los Angeles
0-2	30.0	15.3
2-4	14.0	28.0
4-6	13.1	20.0
6-8	8.0	16.2
8-10	6.2	13.8
10-12	4.3	10.0
12-14	3.2	9.0
14-16	1.5	9.0
16-18	1.2	8.9
18-20	1.0	8.9

Source: Boris Pushkrev, Urban Rail in America: An Exploration of Criteria for Fixed-Guideway Transit, U.S. Department of Transportation, Washington, 1981.

FIGURES

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Figure 1
DENSITY IN MAXIMUM DENSITY CORRIDOR
POPULATION PER SQUARE MILE—000's



Source: Exhibit 3.12 Urban Rail in America



Metro Rail Project

ROUTE ALIGNMENT & STATION LOCATIONS

LEGEND

● Adopted stations as of June 30, 1983.

Metro Rail will be a conventional steel-wheel rail rapid transit line in subway. Its 18-mile route and 18 stations constitute the initial segment of a 140-to-160-mile rail rapid transit system serving Southern California. Metro Rail will link downtown Los Angeles and the San Fernando Valley via the Wilshire, Fairfax and Hollywood transit corridors. Construction is scheduled to begin in 1984, followed by system operation in 1990.

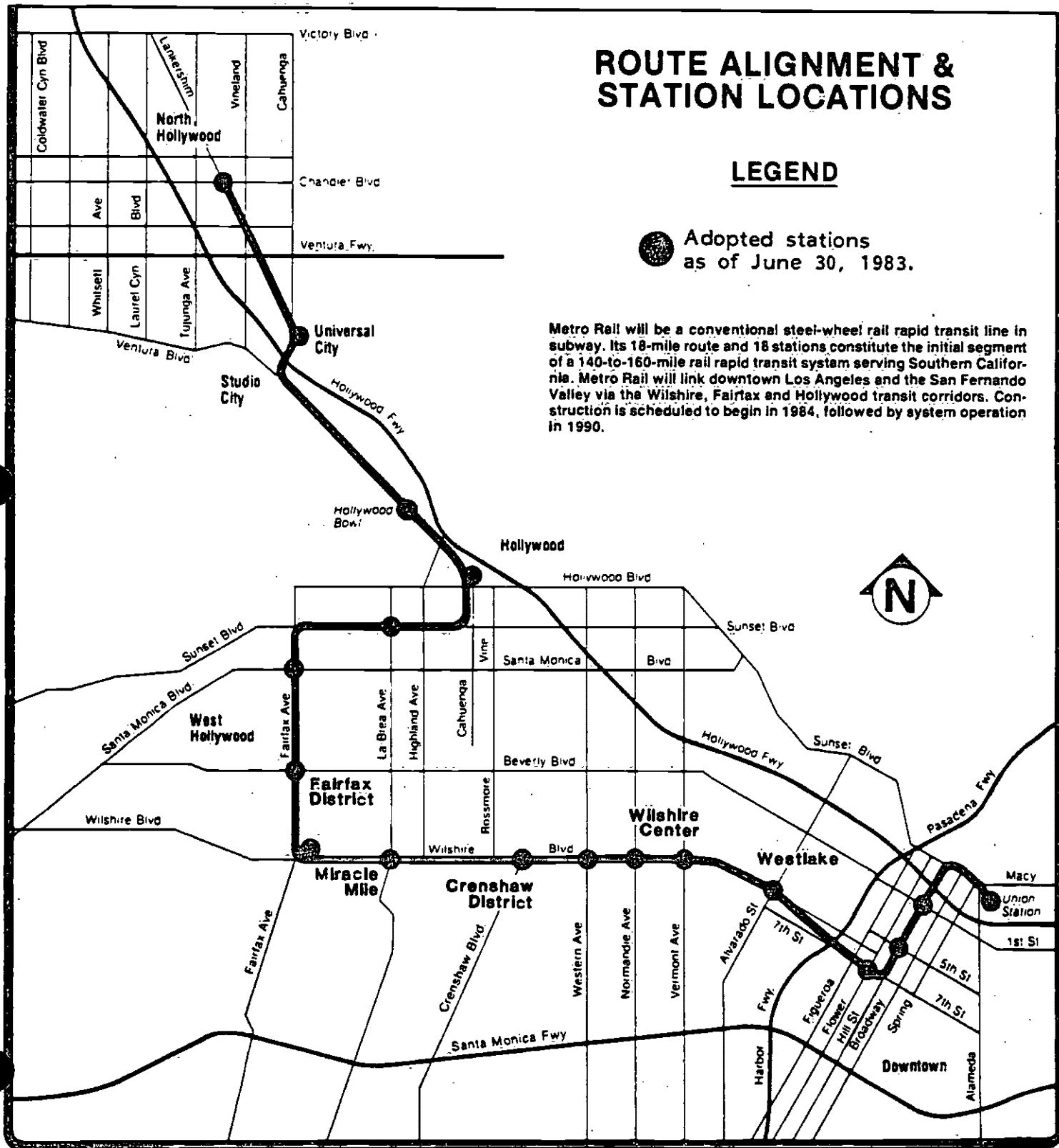
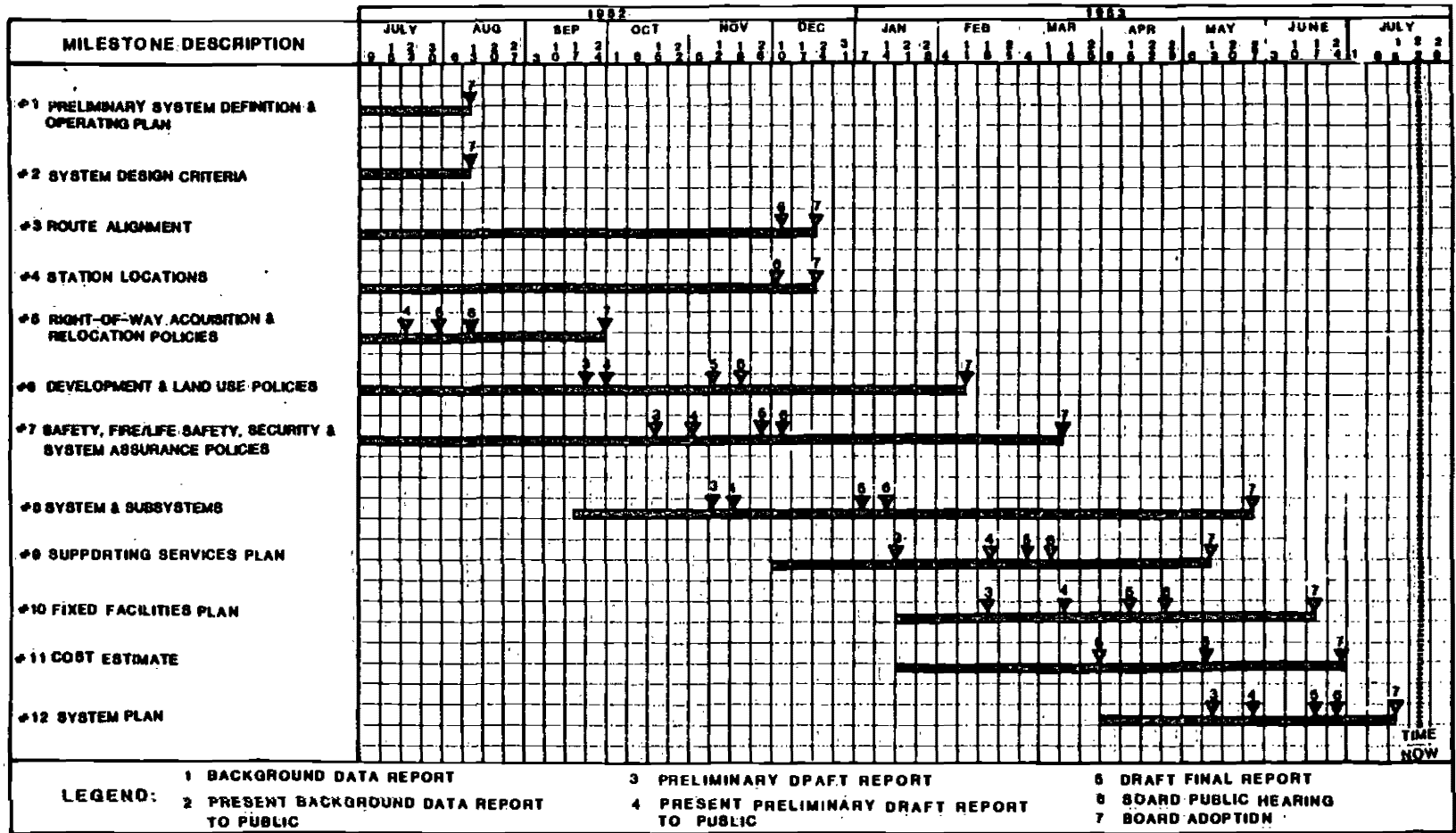


Figure 3
 SCR TD METRO RAIL PROJECT
 MILESTONE SCHEDULE STATUS

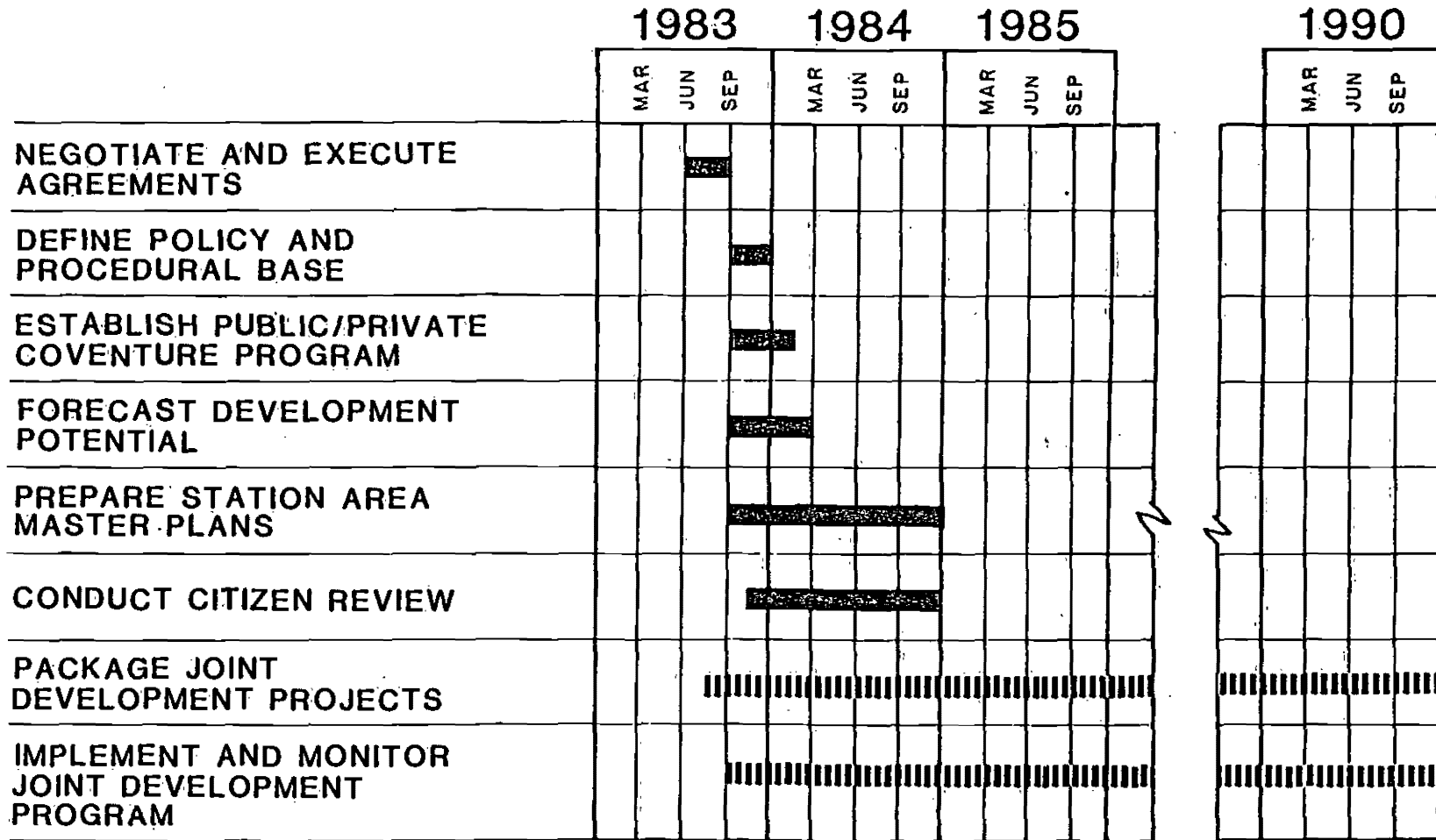
STATUS AS OF: JULY 1983



LEGEND: 1 BACKGROUND DATA REPORT 3 PRELIMINARY DRAFT REPORT 6 DRAFT FINAL REPORT
 2 PRESENT BACKGROUND DATA REPORT TO PUBLIC 4 PRESENT PRELIMINARY DRAFT REPORT TO PUBLIC 8 BOARD PUBLIC HEARING
 7 BOARD ADOPTION

Figure 4

TENTATIVE WORK PROGRAM SCHEDULE



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O'Carroll and Spivack

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